

Instructions for Form PTC-2: Production Tax Credit Validation

Note: This form may only be completed for renewable energy systems that have been certified as eligible by the Office of Energy Development. If your system has not been certified, you must submit Form PTC-1 (Production Tax Credit System Certification) to be eligible to receive production tax credits.

Project Name: The project name entered here should be the same descriptive name that was entered on Form PTC-1 and that is used to refer to your system in the letter certifying your system's eligibility for production tax credits.

Date on which the system entered commercial service: "Placed in commercial service" means the earliest point in time at which a commercial energy system 1) produces or is capable of producing at its maximum potential output, and 2) sells all or some portion of its energy output or uses some portion its energy output for commercial activities located at the same site. This date is important, as it identifies the beginning of the system's 48-month eligibility for production tax credits.

End date of production tax credit window: "Production tax credit window" means the period during which a company is eligible to receive production tax credits for a specific commercial energy system. The window begins on the day that the system is placed in commercial service and ends 48 months after that date. Enter here the date of the four year anniversary of your system's entering commercial service.

Start date of tax year: For individual taxpayers filing personal income tax returns, enter January 1 for start date and December 31 for end date. Businesses whose tax years coincide with the calendar year should also enter January 1 and December 31. Businesses with alternative tax year periods should enter the appropriate start and end dates.

Eligible production days in this tax year: This is the number of days during the tax year for which you are seeking credit that are within your production tax credit window. If this is the first tax year for which you are claiming production tax credits, enter here the number of days between the day your system entered commercial service and the end of your tax year. If this is final tax year for which you are claiming credits, enter here the number of days from the start of your tax year until the end date of the production tax credit window. Otherwise, enter "365" (or "366" for years 2008, 2012, and 2016).

Kilowatt hours of electricity sold on eligible production days: Enter here the number of kilowatt hours that were sold on eligible production days within the production tax credit window. Be sure not to include kilowatt hours that were sold before the system entered commercial service or after the end of the production tax credit window. Note that sales volumes need to be documented. See below.

Kilowatt hours of electricity used on eligible production days: Enter here the number of kilowatts that were produced and were used at your facility for business operations on

eligible production days within the production tax credit window. (This does not include electricity consumed by the renewable energy system itself. Kilowatt hours reported here should be net kilowatt hours produced by the system.) Be sure not to include kilowatt hours that were produced and used before the system entered commercial service or after the end of the production tax credit window. Note that the production and use of kilowatt hours need to be documented. See below.

Total kilowatt hours claimed: Enter here the total of the two lines above (kilowatt hours sold plus kilowatt hours used).

Dollar amount of production tax credit claimed in this tax year: Your production tax credit claim is computed as follows:

$$\text{Total kilowatt hours claimed} \times \$ 0.0035 = \text{Production tax credit}$$

Protected Information: Under the rules governing production tax credits, information provided in an application for validation of production tax credits may be classified as protected information under Utah Code 63-2 (Government Records Access and Management Act). In order to be classified as protected information, an application must contain either or both of the following:

1. "Trade secrets", defined in Utah Code 13-24-2 as "information, including a formula, pattern, compilation, program, device, method, technique, or process, that, (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."
2. Commercial information or nonindividual financial information obtained from a person if, (a) disclosure of the information could reasonably be expected to result in unfair competitive injury to the person submitting the information or would impair the ability of the governmental entity to obtain necessary information in the future; and (b) the person submitting the information has a greater interest in prohibiting access than the public in obtaining access.

If you believe that the information contained in this application is covered under either or both of the definitions above, UC 63-2-308 requires that you provide to USEP:

- A written claim of business confidentiality; and
- A concise statement of reasons supporting the claim of business confidentiality.

If you are requesting that your information be protected, use this space to make and support your claim as indicated above.

Production tax credit documentation: You must document the number of kilowatt hours sold or used for which you are claiming credit. For purposes of validating the number of kilowatt hours sold, you must submit invoices, receipts, bills of sale, or other information that documents the number of kilowatt hours of electricity sold. For purposes of validating the number of kilowatt hours produced and used, the company should submit

monthly readings from the meter used to measure the net output of the commercial energy system. USEP retains the right to site inspect the system and meter to validate that the readings provided are true and accurate.

Send Form PTC-2 along with required documentation to:

Utah Office of Energy Development
60 East South Temple, 3rd Floor
Salt Lake City, UT 84111
801-538-8718

Validation Process: Once OED has received an application for production tax credit validation it will make a determination as to:

1. Whether the information provided conforms with appropriate rules and is complete;
2. Whether the number of kilowatt hours claimed appears to be feasible and accurate;
3. The number of kilowatts deemed to be valid;
4. The amount of tax credit that the company may claim on its tax return.

A company claiming a production tax credit must submit the information specified above to USEP on or before the date that the tax return on which the credit is claimed is required to be filed with the State Tax Commission.

Once OED has received complete information necessary to validate a production tax credit claim, it will provide to the company a completed validation form within thirty days. If OED denies, in whole or in part, an application for a tax credit, the taxpayer applicant may, consistent with Utah Code 63-46b-12 (Administrative Procedures Act), request that the decision be reviewed by the USEP manager. If, after review by the manager, the taxpayer desires a further appeal, he or she may request reconsideration of the decision by the director of UGS, consistent with Utah Code 63-46b-13.